



MINNESOTA
DEPARTMENT OF
COMMERCE

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STATE OF MINNESOTA DEPARTMENT OF COMMERCE

Bulletin 2004-6
Issued this 16th day of December 2004

To: All Workers' Compensation Insurers Licensed in Minnesota


Re: Uncertainty Related to Expiration of the Terrorism Risk Insurance Act of 2002 (TRIA)

The Terrorism Risk Insurance Act of 2002 (TRIA) was adopted by Congress to provide a temporary federal shared loss program for incurred losses resulting from certain acts of terrorism to protect American businesses by minimizing market disruptions, and ensuring the widespread availability and affordability of property and casualty insurance for terrorism risk. Recently there has been uncertainty in the markets for commercial lines property and casualty insurance coverage because of the pending expiration of TRIA. As TRIA's December 31, 2005 expiration date approaches, carriers will be called upon to make decisions about workers' compensation policies as they renew this year.

The Minnesota Department of Commerce has approved the "Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Act of 2002" WC 00 01 12 effective January 1, 2005. Since terrorism coverage cannot be excluded from workers' compensation coverage in Minnesota, carriers will need to continue to consider it as a part of the risk when calculating workers' compensation rates regardless of whether TRIA is extended. Therefore, the "Notification of Pending Law Change to Terrorism Risk Insurance Act of 2002" should be attached to all policies effective January 1, 2005 and thereafter.

The Minnesota Department of Commerce realizes that if TRIA is not extended some carriers may wish to adjust their rates to reflect additional terrorism exposure not covered by their currently filed rating plans. Unfortunately, Minn. Stat. §60A.351 does not permit mid-term rate increases. In the event that TRIA is not extended, Commerce will consider the re-filing of rating plans containing adjustments for the increased risk. While Commerce cannot currently speculate what information might be required to support such a re-filing, because of the unique nature of this risk exposure, it is anticipated that Commerce will consider both carrier specific data as well as national industrywide exposure data submitted to support such filings.

If you have any questions regarding this bulletin, please contact Tammy Lohmann, Chief Workers' Compensation Analyst, at (651) 296-2327 or tammy.lohmann@state.mn.us.


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Commissioner of Commerce

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